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IN THE

Supreme Court of the United States

OCTOBER TERM, 1974

No. 74-1555

KAISER INDUSTRIES CORPORATION, ET AL., *Petitioners,*

v.

JONES & LAUGHLIN STEEL CORPORATION, *Respondent.*

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Third Circuit

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BRIEF FOR AMICUS CURIAE CRUCIBLE, INC. IN OPPOSITION

CONSENT OF ALL PARTIES TO PARTICIPATION OF CRUCIBLE, INC. AS AMICUS CURIAE

Crucible, Inc. has secured written consents both from Petitioners and from Respondent for it to file a brief as amicus curiae in opposition to the granting of a petition for a writ of certiorari in this case. These written consents have been filed with the Clerk of this Court and are reproduced at the end of this brief.

INTRODUCTION

Only four years ago, in *Blonder-Tongue Laboratories, Inc.* v. *University of Illinois Foundation,* 402

U.S. 313 (1971), this Court partially overruled *Triplett* v. *Lowell,* 297 U.S. 638 (1936), abrogating the mutuality of estoppel doctrine in patent cases, and making it possible for defendants in patent suits to enter pleas of collateral estoppel where the patent had been declared invalid in an earlier decision against a different defendant. In *Blonder-Tongue,* this Court enunciated the philosophy to be followed, and delineated the factors that are to be considered, by the lower federal courts in ruling on a plea of collateral estoppel in a patent case.

Now, this Court once again is requested to address itself to the same issue in a case where the decision of the Court of Appeals rests solely upon the application of the doctrine of collateral estoppel to the *specific facts* of *this* case. The opinion below, unofficially reported at 185 U.S.P.Q. 343 (1975) and included in the Appendix at 1-41,[1] demonstrates a careful and well-reasoned factual and legal analysis which concludes that the first judicial proceedings were not seriously defective and that Petitioners had a full and fair opportunity to litigate the first time. Judgment for Respondent based upon collateral estoppel was, therefore, properly granted.

There is no conflict between the circuits. There is no important question of federal law involved which has not already been settled by this Court or which is in conflict with this Court's decisions. There has been no departure from the accepted and usual course of judicial proceedings. There is no issue presented

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[1] References to the Appendix to the Petition for a Writ of Certiorari hereafter are designated as App. page number; *e.g.,* App. 1-41.

that calls for the exercise of this Court's special powers of supervision over the federal judicial system. There is no special and important reason for the issuance of a writ.

INTEREST OF CRUCIBLE, INC.

On March 13, 1974, Kaiser Industries Corporation, Plaintiff-Petitioner, brought an action for alleged infringement of the Suess patent, the patent here in suit, against Crucible, Inc. in the United States District Court for the Western District of Pennsylvania. This is the same District Court in which the instant litigation commenced. The facts and history of the instant litigation are set forth in the briefs of the parties and Crucible, Inc.

If this Court either denies the petition for a writ of certiorari to the United States Court of Appeals for the Third Circuit, or grants the writ and subsequently affirms the Court of Appeals' decision on the merits, thus preserving the Third Circuit's judgment that Petitioner is collaterally estopped from relitigating the validity of the Suess patent, such action will dispose of the infringement suit in the District Court against Crucible, Inc.

If, however, this Court should grant the writ and subsequently reverse the Court of Appeals decision by holding that collateral estoppel does not apply, then, depending upon the Court of Appeals' decision on the merits in the instant litigation on the issue of patent validity, upon remand, the action in the District Court against Crucible, Inc. might proceed to trial. Such an outcome would demand an enormous expenditure of time and effort by the District Court and the parties because a protracted trial would necessarily result re-

quiring extensive preliminary discovery and investigative proceedings.

Under these circumstances, Crucible, Inc. would be subjected to the precise type of economic harassment due to relitigation of patent validity that *Blonder-Tongue* attempted to eliminate.

QUESTION PRESENTED

In the *McLouth*[2] litigation, the earlier and closely related forerunner of the present litigation, the carefully considered judgment of the United States District Court for the Eastern District of Michigan that the patent in suit was invalid was affirmed by the Court of Appeals for the Sixth Circuit, which also denied petition for rehearing. A petition for a writ of certiorari to the Sixth Circuit was denied by this Court.

Petitioners' contentions that the Michigan District Court in *McLouth* misunderstood the technology involved, that Petitioners were denied an opportunity to present crucial evidence, and that the finding by the Michigan District Court on the issue of file wrapper estoppel was procedurally improper were not asserted during the *McLouth* litigation in either the trial court or the appellate courts. These contentions were raised for the first time, *after* the decision in *Blonder-Tongue, supra,* in the proceedings below in the District Court for the Western District of Pennsylvania and the Court of Appeals for the Third Circuit.

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[2] Henry J. Kaiser Co. v. McLouth Steel Corp., 257 F.Supp. 372 (E.D. Mich. 1966), *aff'd sub nom.*, Kaiser Industries Corp. v. McLouth Steel Corp., 400 F.2d 36 (6th Cir. 1968), *cert. denied* 393 U.S. 1119 (1969). Hereafter, this Sixth Circuit litigation and its component cases are referred to as "*McLouth*".

The District Court below denied Respondent's plea of collateral estoppel based on the final judgment in the Sixth Circuit *McLouth* litigation. On appeal, the Third Circuit Court of Appeals reversed. Based on a careful and painstaking analysis of the application to this case of the factors delineated by this Court in *Blonder-Tongue,* the Court of Appeals held that the District Court was obliged to accept the defense of collateral estoppel.

In these circumstances, the question presented is a straightforward and simple one. Its pedestrian and routine nature in itself forms a compelling reason why this Court should not misallocate its resources by entertaining this case. The true question presented is:

> Whether the Third Circuit Court of Appeals in the subsequent litigation, correctly applied the doctrine of collateral estoppel in holding that Petitioners were not entitled to relitigate the validity of a patent, because Petitioners had a full and fair opportunity to litigate during the first judicial proceedings which were not seriously defective?

REASONS FOR DENYING THE WRIT

I. BLONDER-TONGUE IS A VERY RECENT DECISION WHICH APPLIED THE EXISTING BODY OF LAW GOVERNING THE DEFENSE OF COLLATERAL ESTOPPEL TO PATENT CASES. THIS CASE PRESENTS NO COMPELLING REASON WHY THIS COURT SHOULD ADDRESS ITSELF TO THE SAME ISSUE AGAIN SO SOON.

Only four years ago, and approximately thirty-five years after deciding *Triplett* v. *Lowell*, 297 U.S. 638 (1936), this Court in *Blonder-Tongue, supra,* at 332, recognizing that patent litigation involves questions

which are "more often than not no more difficult than those encountered in the usual nonpatent case", brought the collateral estoppel rule for patent litigation in line with developing trends elsewhere. This Court admonished that a plea of estoppel is not to be applied "automatically" and specifically adopted the exception delineated in nonpatent cases—deprivation of a full and fair opportunity by the party against whom the plea is asserted to present his claim in the prior litigation. 402 U.S. at 333.

As with nonpatent cases, the patentee-plaintiff (Petitioners here) must demonstrate that he did not have a full and fair opportunity to litigate the first time. *Blonder-Tongue,* therefore, rendered patent cases no different than other cases in the application of collateral estoppel and made the established body of law governing this principle controlling for patent cases as well.

Rather than leaving the issue there, this Court went further to assist the lower courts in their consideration of the kind of fact situations which would defeat a plea of collateral estoppel in patent cases. Examples of "appropriate inquiries" were provided to illustrate the types of serious defects, comparable to those in other types of litigation, that would have to exist in patent litigation for a plea of collateral estoppel to be denied.

Now, *only four years* after this Court spoke at length on this issue, Petitioners are requesting the Court to reconsider the issue and speak again.

In deciding collateral estoppel pleas in patent cases, the courts have the benefit of the large body of law developed in nonpatent cases. Additionally, they now

have the benefit of the guidance of this Court as enunciated in *Blonder-Tongue.*

The trend in patent and nonpatent cases, both before and after *Blonder-Tongue,* has been toward avoiding repetitious litigation. This has resulted in a general erosion of the conditions under which a plea of collateral estoppel will be denied.[3] This trend is illustrated by the abrogation of strict mutuality in the majority of jurisdictions.[4] It has been prompted by the judicial realities of crowded courts, the need for husbanding judicial resources, the policy that a litigant is only entitled to one fair opportunity to litigate any given issue, the economic consequences stemming from the possibility of relitigation—particularly in patent cases—, and the desirability of avoiding inconsistent judgments. It was the recognition of this current of events and of these factors that caused this Court in *Blonder-Tongue* to bring patent cases in line with the trend elsewhere.

It is clear from the post-*Blonder-Tongue* cases that the lower federal courts have had little difficulty in fitting patent cases into the general body of case law governing collateral estoppel.

Petitioners complain that the application of *Blonder-Tongue* in patent cases, both by the Court of Ap-

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[3] Blonder-Tongue, *supra;* 31 ALR 3d 1044 (1970); Vestal, *Res Judicata/Preclusion By Judgment: The Law Applied in Federal Courts,* 66 MICH. L.REV. 1723 (1968).

[4] *E.g.,* Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation, 402 U.S. 313 (1971); Zdanok v. Glidden Co., 327 F.2d 944 (2d Cir. 1964), *cert. denied,* 377 U.S. 934 (1964); Bruszewski v. United States, 181 F.2d 419 (3d Cir. 1950), *cert. denied,* 340 U.S. 865 (1950); Bernhard v. Bank of America Nat'l Trust & Savings Ass'n., 19 Cal. 2d 807, 122 P.2d 892 (1942).

peals below and by the lower courts in general, has been too stringent.[5] However, Petitioners' plea to this Court for clarification of *Blonder-Tongue* is based upon their misreading of these post-*Blonder-Tongue* patent cases (Pet. 28-29). This misreading is exemplified by comparing Petitioners' characterizations of the three cases Petitioners rely on and the actual opinions in those cases.

In *Blumcraft of Pittsburgh* v. *Kawneer Co.*, 482 F. 2d 542 (5th Cir. 1973), the court did state that *Blonder-Tongue* intended a "knockout blow" to the multiplicity of patent litigation through the doctrine of collateral estoppel, but *conditioned* the "knockout blow" on the requirement of a "fair fight with a knowledgeable referee" in the prior suit. 482 F.2d at 549. Additionally, the court quoted the *Blonder-Tongue* passage relating to the requirement of a full and fair chance to litigate, then carefully applied the factors set forth, and found that "Blumcraft had a full and fair opportunity to litigate the validity of its patent in a forum of its own choosing," with the only real assertion of the plaintiff going to the "correctness" of the prior determination. 482 F.2d at 549.

Similarly, in *Sampson* v. *Ampex Corp.*, 478 F.2d 339 (2d Cir. 1973), the court carefully applied the *Blonder-Tongue* factors, and stated:

> Under the general *Blonder-Tongue* criteria, this case presents few compelling reasons for circumventing the estoppel doctrine. Not only are the issues here identical to those in the *RCA* litigation, but Sampson was the plaintiff in that suit, with every incentive to litigate the merits,

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[5] Petition for a Writ of Certiorari at 28-32. References to the Petition hereafter are designated as Pet. page number; *e.g.*, Pet. 28-32.

> and the suit was pursued in the precise forum which Sampson chose. And, Sampson voluntarily chose not to seek review of Judge McLean's order in this court, a course that might well have settled several years ago the substantive arguments he presents here.
>
> 478 F.2d at 341.

Rather than referring to "egregious error" as the *only* reason for denying collateral estoppel, as asserted by Petitioners (Pet. 28), the court looked to the traditional tests of "both fair opportunity and incentive to litigate." 478 F.2d at 341. The court only mentioned egregious error in connection with an issue of statutory construction not involving technical subject matter. The court found that the same arguments presented to it were "fully considered" by the prior court and that the prior court had not committed egregious error on the matter of statutory construction. The patentee was, therefore, estopped to relitigate this issue.

Petitioners have asserted that in *Blonder-Tongue,* on remand:[6]

> the District Court suggested that "the second court must defer unless it appears from the face of the prior opinions that the first court *completely missed the point.*"
>
> (Pet. 29)

In the *Blonder-Tongue* remand, the Seventh Circuit adopted the Illinois District Court's opinion, which had thoroughly considered the factors advanced by

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[6] University of Illinois Foundation v. Blonder-Tongue Laboratories, Inc. 334 F. Supp. 47 (N.D. Ill. 1971), *aff'd,* 465 F.2d 380 (7th Cir. 1972).

this Court in its *Blonder-Tongue* opinion, and added comments relating to the understanding of the technical subject matter and issues by the first trial court. The Seventh Circuit found that there was no question but that the first courts did grasp the technical subject matter and issues in suit. Thus, the *appellate court* in the *Blonder-Tongue* remand did not rely on any determination that it must appear from the face of the prior opinions that the first court "completely missed the point".

The very cases relied upon by the Petitioners actually illustrate that the lower federal courts have been consistently and properly applying the "appropriate inquiries" articulated in *Blonder-Tongue.*

The sole question before this Court concerns merely the application of the established law of collateral estoppel to the specific facts of this case. The individualized concerns of the Petitioners do not merit the granting of a writ, and there is nothing unusual or extraordinary about the legal effect of the decision below. The judgment below should be allowed to stand.

II. THE DECISION BELOW RESULTED FROM A CAREFUL AND WELL-REASONED APPLICATION OF THE PRINCIPLES OF BLONDER-TONGUE TO THE FACTS. IT CREATED NO EXTRAORDINARY LEGAL ISSUE REQUIRING THE INTERVENTION OF THIS COURT.

In finding for the Respondent, based on its plea of collateral estoppel, the Third Circuit Court of Appeals meticulously followed, not only the holding of *Blonder-Tongue,* but also this Court's clearly stated purpose and philosophy.

The Court of Appeals first satisfied itself that the defense of collateral estoppel had been appropriately

raised (App. 21-23). Petitioners, the plaintiffs in the first case,[7] chose the defendant, the time, and the place of the first litigation. The *McLouth* litigation involved a potential recovery of substantial amounts of money, and a loss would have permitted McLouth Steel Corporation to use the process accused in infringement freely (App. 22). The Court of Appeals properly found that there was ample incentive for Petitioners to litigate fully (App. 23).

That Petitioners litigated to the finish is clear from the procedural history of *McLouth,* which included an appeal to the Sixth Circuit, a petition for rehearing, and a petition for a writ of certiorari.[8]

But the Court of Appeals did not stop there. It specifically recognized that the Court did *not* mandate unqualified acceptance of a collateral estoppel defense:

> Instead, under *Blonder-Tongue,* before collateral estoppel is determined, the patentee must be allowed "to demonstrate, if [it] can, that [it] did not have 'a fair opportunity procedurally, substantively and evidentially to pursue [its] claims the first time.' "
>
> (App. 23)

The Court of Appeals—rather than blindly or automatically following so-called "guidelines", as Petitioners would have one believe it did—specifically found that the various guidelines posited by this Court were merely "factors" to be considered in reaching a decision on a plea of collateral estoppel. The court below actually was concerned with more basic considerations:

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[7] *See, supra,* n. 2.

[8] *Id.*

> Under the Supreme Court holding, *the correctness of the result* of the earlier patent suit *is not at issue.* Indeed, the sole ground explicitly recognized by the Supreme Court to defeat a motion for summary judgment made in the second case and premised on *Blonder-Tongue* is that the first adjudication did not provide a "full and fair opportunity to litigate."
>
> * * * *
>
> In effect, a patentee must persuade a second trial court "that the prior proceedings were seriously defective."
>
> (Emphasis added.) (App. 23-24)

On the question of the application of "the trial court's sense of justice and equity", the Court of Appeals found that this phrase "indicates that each case merits individual consideration" and that "other extraordinary grounds, not expressly mentioned, may provide the necessary foundation for denying a collateral estoppel defense in individual cases" (App. 25). The Court of Appeals further cogently commented: "We cannot acquiesce to a meaning of the words 'justice and equity' that would permit unarticulated and unreviewable determinations when a district court refuses a plea of collateral estoppel in patent litigation." (App. 25).

The Court of Appeals also emphatically disagreed with the District Court's reasoning that, simply because the law favors inventiveness, considerations of justice and equity make collateral estoppel inapplicable. Such reasoning would apply to every patent case and would, perforce, eliminate substantially all collateral estoppel (App. 26).

> While it may be that some combination of circumstances based on independent equitable con-

> siderations might arise to warrant denial of estoppel, we perceive nothing on the *facts here* that would indicate such a result.
>
> (Emphasis added.) (App. 27)

After discussing the general concepts of *Blonder-Tongue,* the Court of Appeals then proceeded to apply *Blonder-Tongue* to the facts of the present case (App. 27-40). In so doing, it gave careful consideration to the District Court opinion and reviewed, as a matter of law, whether the District Court properly interpreted and applied the *Blonder-Tongue* standards governing collateral estoppel. It found that the District Court had determined that the *McLouth* decisions conferred no collateral estoppel defense for three reasons: (1) the *McLouth* courts wholly failed to grasp the technical subject matter and issues in suit; (2) Petitioners, without fault of their own, were deprived of crucial evidence; and (3) considerations of justice and equity required this result (App. 26, 28-30).

The Court of Appeals examined each of these grounds set forth by the District Court and urged by Petitioners in their brief to the Court of Appeals.[9] This review included a careful study of: the relevant papers in *McLouth,* including the opinions, the trial and appellate briefs, and the *McLouth* record; the patent in suit; the District Court opinion below; and the applicable case law (App. 31, 34). In conclusion the Court of Appeals held that "the district court erred in its determination that the *McLouth* decision erected no collateral estoppel bar", and directed the District Court to grant judgment for the defendant based on collateral estoppel (App. 41).

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[9] Brief for Plaintiffs-Appellees in the Third Circuit, at 24-29.

III. THE COURT OF APPEALS' INTERPRETATION OF BLONDER-TONGUE IS IN HARMONY WITH THE GENERAL RULES OF COLLATERAL ESTOPPEL APPLIED IN OTHER AREAS OF THE LAW. PETITIONERS HAVE MISCONSTRUED THE ESTABLISHED GENERAL LAW GOVERNING THE PLEA OF COLLATERAL ESTOPPEL.

Petitioners contend that the Court of Appeals erected a more stringent bar to relitigation of patent validity than is found in the application of collateral estoppel to other areas of law. In so contending, Petitioners have failed to take into account the flexibility of the Court of Appeals' decision, and have misinterpreted the strictness with which the general law of collateral estoppel is applied.

Petitioners have cited cases purportedly endorsing a less stringent bar to relitigation in various situations where collateral estoppel would work an "injustice" (Pet. 29-30). But these cases fully support the Court of Appeals' application of collateral estoppel. Further, they demonstrate that the situations where collateral estoppel is not applied are significantly more limited than Petitioners urge.[10] The circumstances of these cases are not comparable to those of the case at bar.

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[10] La Societe Anonyme des Parfums Le Galion v. Jean Patou, Inc., 495 F.2d 1265 (2d Cir. 1974). This case involved the *res judicata* effect of a dismissal for *failure to prosecute*. The court remanded for consideration of whether, *inter alia*, the intent of the prior court was that the dismissal was without prejudice.

Menendez v. Saks and Co., 485 F.2d 1355 (2d Cir. 1973). The court refused to apply collateral estoppel, because the prior adjudication was by agreement based upon a *mutual mistake* which went to the heart of the controversy.

Grantham v. McGraw-Edison Co., 444 F.2d 210 (7th Cir. 1971). In Grantham, as the Third Circuit recognized (App. 26), a number of exceptional factors existed, including a change in patent ownership and a truncated earlier trial.

Berner v. British Commonwealth Pacific Airlines, Ltd., 346

Petitioners also rely on two tentative drafts of the new *proposed* RESTATEMENT (SECOND) OF JUDGMENTS, purportedly in support of the proposition that the Court of Appeals' test is more stringent than the test generally applied (Pet. 30-32). It should be noted that these are *tentative* drafts and are subject to alterations and revisions before publication of the approved final version. But, notwithstanding their tentative nature, the substance of the drafts, when the sections are read in their entirety, does not support Petitioners' contentions.

As in *Blonder-Tongue* itself, and consonant with the application of *Blonder-Tongue* by the Court of Appeals below, the tentative drafts of the RESTATEMENT call for a threshold inquiry as to whether the issue in suit was "actually litigated and determined" in a prior action and whether the party against whom collateral estoppel is asserted was afforded "an adequate opportunity or incentive to obtain a full and

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F.2d 532 (2d Cir. 1965). This was a multiple accident case where the court refused to apply collateral estoppel, because it had been *offensively asserted* and the defendant *had not had full incentive to litigate* in the first suit. A small judgment was awarded in the first case and defendant did not appeal.

Spilker v. Hankin, 188 F.2d 35 (D.C. Cir. 1951). Spilker involved successive suits by an attorney for attorney's fees in which the court allowed relitigation of the defense of duress, because attorney-client fee contracts were a "subject of special interest and concern to the courts" (188 F.2d at 39), and because of an indication that the first court did not intend a *res judicata* effect for its decision on this issue, 188 F.2d at 40.

Henderson v. Bardahl Int'l Corp., 72 Wash. 2d 109, 431 P.2d 961 (1967). In this case, collateral estoppel was not applied because of *ambiguous findings* which were not decisive of the issue, *questionable identity of issue*, and *manifest error* in the first suit.

fair adjudication" of the issue in the prior proceeding.[11]

Petitioners also cite Section 88(7) of Tentative Draft No. 2 for its language regarding "other circumstances" which purportedly can prevent the application of collateral estoppel.[12] Petitioners read this Section to establish a relaxed and extremely flexible standard of reasonableness in the determination of whether relitigation should be allowed. Adoption of such a standard not only would undermine the traditional policy bases which have fostered the trend against relitigation, but also would cause the rule to be virtually emasculated by arbitrary and unarticulated exceptions, squarely in conflict with the whole

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[11] RESTATEMENT (SECOND) OF JUDGMENTS § 68.1 (Tent. Draft No. 1, 1973). Although Petitioners contend that the official comments to this Section suggest that the "full and fair adjudication" test is merely an "inquiry into unfairness", the pertinent portion actually reads:

> Such a refusal to give the first judgment preclusive effect should not occur without a *compelling* showing of unfairness, nor should it be based simply on a conclusion that the first determination was patently erroneous.
>
> (Emphasis added.) (Comment j at 183.)

Particular circumstances presented as illustrative examples in which this inquiry into unfairness was purported to govern, are: when one party conceals information from the other; when one party is laboring under a "mental or physical disability"; or when the verdict was "the result of compromise". *Id.* at 182. Clearly, such circumstances would have prevented a full and fair adjudication and are not comparable to those of the case at bar.

[12] RESTATEMENT (SECOND) OF JUDGMENTS § 88(7) (Tent. Draft No. 2, 1975). The transcript of the 1975 proceedings of the American Law Institute's annual meeting at which the second tentative draft (1975) was provisionally approved is not available for examination. Proper interpretation of this draft can not be made without access to this transcript.

philosophy of *Blonder-Tongue*. Additionally, an examination of the cases cited by the official Comment to Section 88(7) demonstrates that the interpretation espoused by Petitioners is not the one contemplated by the authors of the tentative drafts.[13]

These cases show that "other circumstances", invariably, either refer to particularized situations of compelling injustice, or, as is more often the case, are merely supportive of the traditional grounds for not allowing collateral estoppel, *i.e.*, there was neither a full and fair opportunity, nor an incentive to litigate the first time.

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[13] RESTATEMENT (SECOND) OF JUDGMENTS § 88(7) (Tent. Draft No. 2, 1975), Reporter's Note, at 101-02. The Reporter's Note to Comment (i) cites cases illustrating "other circumstances" that *may* justify withholding preclusion by collateral estoppel.

The Note relies on Continental Can Co. v. Hudson Foam Latex Products, Inc., 123 N.J. Super. 364, 303 A.2d 97 (1973). The reliance is erroneous, however, because this case was *reversed* on appeal, with the appellate court holding that collateral estoppel should have been applied by the lower court. 129 N.J. Super. 426, 324 A.2d 60 (1974).

Other cases relied on in the Reporter's Note are:

New York Life Ins. Co. v. Nashville Trust Co., 292 S.W.2d 749 (1956). This case involved the reappearance of a life insurance policy holder after he had been adjudicated deceased. The court did not apply collateral estoppel in the subsequent suit, because it found there was *extrinsic fraud*, as well as, *determinative new evidence not available before*.

Costello v. Pan American World Airways, Inc., 295 F. Supp. 1384 (S.D.N.Y. 1969). In this case, the court refused to apply collateral estoppel because the suit was "based upon a completely different subject matter and transaction, a different demand, claim or chose in action", and because it was "questionable whether plaintiff . . . had the legally requisite full and fair opportunity to litigate. . . ." The court *expressly* did not rest its decision on the language the Comment relies upon. 295 F. Supp. at 1389.

Henderson v. Bardahl Int'l Corp. and Menendez v. Saks and Co., are discussed, *supra*, n. 10.

IV. THE COURT OF APPEALS PROPERLY INTERPRETED BLONDER-TONGUE AND DID NOT REQUIRE AUTOMATIC ACCEPTANCE OF A COLLATERAL ESTOPPEL PLEA UNLESS ONE OF THE EXPRESS "GUIDELINES" COULD BE APPLIED.

Petitioners contend that the Court of Appeals interpreted *Blonder-Tongue* as requiring automatic acceptance of a collateral estoppel plea unless one of the express guidelines of *Blonder-Tongue* applied (Pet. 18-20). In fact, the Court of Appeals fully recognized that the Court's guidelines are only "particular factors" to be considered, and that "other extraordinary grounds, not expressly mentioned, may provide the necessary foundation for denying a collateral estoppel defense in individual cases." (App. 25). The reason the Court of Appeals specifically explored and evaluated the two specific factors of: (1) deprivation of crucial evidence or witnesses, and (2) whole failure to grasp the technical subject matter and issues in suit, was because these were the very grounds upon which the District Court below relied in refusing to grant judgment for the Respondent based on collateral estoppel.

The Court of Appeals' consideration of these factors was not based upon the belief that these were exclusive factors which must be established to support denial of a collateral estoppel plea. Rather, it was essential that the Court of Appeals review these factors, as a matter of law, because these were the factors used by the District Court in its interpretation and application of the *Blonder-Tongue* standards which led to its denial of the collateral estoppel plea (App. 30). Furthermore, Petitioners themselves requested evaluation of these factors by relying on

them, as well as on a request for a broad application of "justice and equity" considerations.[14]

V. THE COURT OF APPEALS CORRECTLY RULED: (A) THAT EVIDENCE ON THE FILE WRAPPER ESTOPPEL ISSUE WAS "NOT CRUCIAL", BECAUSE THE PATENT WAS INVALID ON INDEPENDENT GROUNDS OF INDEFINITENESS UNRELATED TO FILE WRAPPER ESTOPPEL, AND (B) THAT PETITIONERS WERE NOT WITHOUT FAULT IN FAILING TO PRESENT EVIDENCE ON THIS ISSUE.

Petitioners rely heavily on their contention that they were deprived of "crucial" evidence in the *McLouth* proceedings, because of the *McLouth* courts' findings on file wrapper estoppel (Pet. 6-11, 23-26). The District Court below agreed with Petitioners' position on the file wrapper estoppel issue (App. 223).

The Court of Appeals reviewed the District Court's findings on this issue and carefully studied the relevant papers in the *McLouth* proceedings, including the opinions, the trial and appellate briefs, and the record (App. 31) and concluded that the District Court's judgment on this issue could not be sustained (App. 34).

This issue, although it receives primary attention in the Petition, is actually of secondary concern. The file wrapper estoppel finding was *only an alternative* to the primary reason for the *McLouth* courts' determination that the Suess patent was invalid. The *McLouth* district court found three separate reasons for concluding that the patent was invalid for failure to comply with 35 U.S.C. § 112 (App. 799-801): (1)

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[14] See Brief for Plaintiffs-Appellees in the Third Circuit, pages 24-29.

the claims did not measure the invention (App. 759-767), (2) each of three steps recited in the claims were not supported by the specification (App. 768-794), and (3) the claims were so broad as to cover the prior art (App. 794-798).

The file wrapper estoppel point is germane only with respect to the first reason; and, even there, it was only a "further reason" why the *McLouth* district court concluded that the claims did not measure the invention (App. 764-767).

On appeal, the Sixth Circuit first found that the patentees failed to define their alleged advance over the prior art, and then, "that in failing to properly limit their claims they attempted to extend their monopoly to something already patented. For either reason, or for both reasons, the patent must be held invalid." (App. 635).

Only *after* it had found the patent invalid did the Sixth Circuit consider and affirm the *McLouth* district court's findings on the issue of file wrapper estoppel.[15] The *McLouth* courts' final judgment of patent invalidity would thus have been the same *regardless* of how the file wrapper estoppel issue was resolved. Therefore, the conclusion by the Third Circuit Court of Appeals that "the file wrapper evidence is not crucial" (App. 32) is fully in accord with the principles and philosophy of *Blonder-Tongue*.

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[15] When there are alternative determinations by an *appellate* court, the court's determination *is conclusive* in a subsequent action. *See*, Stebbins v. Keystone Ins. Co., 481 F.2d 501 (D.C. Cir. 1973); RESTATEMENT (SECOND) OF JUDGMENTS § 68, Comment *o* (Tent. Draft No. 1, 1973).

Further, any failure to present evidence on this issue was due to the fault of Petitioners, not to a lack of fair opportunity.

Petitioners were put on full notice at final argument that the *McLouth* district court was concerned about this issue. Rather than objecting to the court's consideration of this issue because of a lack of opportunity to present evidence at the trial, Petitioners' counsel elected to argue this issue on the merits (App. 30). Similarly, on appeal to the Sixth Circuit, Petitions contended that the district court erred as a matter of law in its decision on the file wrapper estoppel issue. Petitioners did not complain that they were deprived of an opportunity at trial to present evidence on this issue (App. 33).

Even in their Petition for a Writ of Certiorari to the Sixth Circuit, Petitioners faced the file wrapper estoppel issue head on, argued the merits, and never complained of a procedural inequity.

VI. PETITIONERS' ASSERTION THAT THEY WERE PREJUDICED, BECAUSE THE McLOUTH CASE WAS FULLY LITIGATED WHILE TRIPLETT WAS THE LAW, AND BEFORE BLONDER-TONGUE WAS DECIDED, IS GROUNDLESS.

Petitioners urge that the Court of Appeals "erroneously chose to disregard the District Court's conclusion that, since *McLouth* was fully litigated while *Triplett* v. *Lowell* was the law, it would not be fair to 'fault' Petitioners under *Blonder-Tongue* for the absence of additional evidence on the abandonment issue in McLouth." (Pet. 26). This same issue was raised and rejected in *Bourns, Inc.* v. *Allen-Bradley Co.*, 480 F.2d 123 (7th Cir. 1973), where the court noted that

Blonder-Tongue implicitly rejected such reliance as a basis for avoiding collateral estoppel.

Also, in numerous cases since *Blonder-Tongue,* in which collateral estoppel was applied, the first suit had been completed before *Blonder-Tongue* was handed down.[16] Obviously, that was the situation in *Blonder-Tongue* itself.

In partially overruling *Triplett,* this Court did not see fit to rule only prospectively. It is thus groundless for Petitioners to contend that they relied on the law of *Triplett* and, therefore, were not sufficiently concerned to fully litigate the first time. Petitioners had ample incentive to litigate to the fullest, and they did so.[17]

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[16] *See, e.g.,* Technograph Printed Circuits, Ltd. v. Martin-Marietta Corp., 474 F.2d 798 (4th Cir. 1973); Wahl v. Vibranetics, Inc. 474 F.2d 971 (6th Cir. 1973); Sampson v. Ampex Corp., 478 F.2d 339 (2d Cir. 1973); Blumcraft of Pittsburgh v. Kawneer Co., Inc., 482 F.2d 542 (5th Cir. 1973); Technograph Printed Circuits, Ltd. v. Methode Electronics, Inc., 484 F.2d 905 (7th Cir. 1973).

[17] *See* p. 11, *supra.*

CONCLUSION

Since the sole concern here is the *correctness* of the Court of Appeals' application of the established body of law governing collateral estoppel to the facts of this case, and since the Court of Appeals correctly followed the mandate of *Blonder-Tongue,* the Petition should be denied.

Respectfully submitted,

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July 10, 1975

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July 4, 1975

Walter J. Blenko, Esq.
Blenko, Buell, Ziesenheim & Beck
301 Fifth Avenue
Pittsburgh, Pennsylvania 15222

Dear Mr. Blenko:

Kaiser Industries Corp. v.
Jones & Laughlin Steel Corp.
October Term, 1974
No. 74-1555

Confirming my telephone conversation of June 20, 1975, with Walter J. Blenko, Jr., Crucible, Inc. requests your consent for Crucible, Inc. to file a brief amicus curiae in the Supreme Court of the United States opposing the granting of a petition for a writ of certiorari in this case.

If you will consent to the filing of a brief amicus curiae, I would appreciate your signing the consent statement appearing at the bottom of this letter.

Please return the signed copy of this letter to me for filing in the Supreme Court of the United States with the brief on behalf of Crucible, Inc. This amicus brief will be filed within the time allowed for the filing of the brief of Jones & Laughlin Steel Corporation.

Very truly yours,

Marcus B. Finnegan

CONSENT

Jones & Laughlin Steel Corporation, Defendant-Respondent, hereby consents to the filing of the above-described amicus brief by Crucible, Inc.

Counsel for Respondent

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July 4, 1975

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Dear Mr. Webb:

Kaiser Industries Corp. v.
Jones & Laughlin Steel Corp.
October Term, 1974
No. 74-1555

Confirming our telephone conversation of June 19, 1975, Crucible, Inc. requests your consent for Crucible, Inc. to file a brief amicus curiae in the Supreme Court of the United States opposing the granting of a petition for a writ of certiorari in this case.

If you will consent to the filing of a brief amicus curiae, I would appreciate your signing the consent statement appearing at the bottom of this letter.

Please return the signed copy of this letter to me for filing in the Supreme Court of the United States with the brief on behalf of Crucible, Inc. This amicus brief will be filed within the time allowed for the filing of the brief of Jones & Laughlin Steel Corporation.

Very truly yours,

Marcus B. Finnegan

CONSENT

Kaiser Industries Corporation, Plaintiff-Petitioner, hereby consents to the filing of the above-described amicus brief by Crucible, Inc.

Counsel for Petitioner